

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature			Date	

PUTNAM TOWNSHIP

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

PUTNAM TOWNSHIP

TOWNSHIP OFFICIALS

Supervisor - Richard Knopf
Treasurer - G. Richard McCloskey
Clerk - Sally Guyon

TOWNSHIP BOARD OF TRUSTEES

Richard Knopf
G. Richard McCloskey
Sally Guyon
Kevin Dobis
Norman Klein
Jeffrey Buerman
Thomas Benedetti

TOWNSHIP ATTORNEY

Foster, Swift, Collins & Smith, P.C.

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

TABLE OF CONTENTS

PAGE NUMBER

INDEPENDENT AUDITORS' REPORT	
MANAGEMENT DISCUSSION AND ANALYSIS	7
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Assets	14
Statement of Activities	15
FUND FINANCIAL STATEMENTS	
Balance Sheet - Governmental Funds	17
Reconciliation of Statement of Net Assets of Governmental Funds to the Balance Sheet	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
NOTES TO FINANCIAL STATEMENTS	22
REQUIRED SUPPLEMENTARY INFORMATION	
Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund	34
Fire Department Capital Outlay Fund	35
Fire Millage Fund	36
<u>SUPPLEMENTARY INFORMATION</u>	
<u>COMBINING STATEMENTS</u>	
Combining Balance Sheet - All Special Revenue Funds	39
Combining Balance Sheet - All Agency Funds	40
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Special Revenue Funds	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Debt Service Funds	42

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
<u>INDIVIDUAL FUNDS</u>	
GENERAL FUND	
Balance Sheet	45
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	46
Statement of Revenues - Budget and Actual	47
Statement of Expenditures - Budget and Actual	48
UNITY PARK FUND	
Balance Sheet	53
Statement of Revenues, Expenditures and Changes in Fund Balance	54
TOWNSHIP HALL IMPROVEMENT FUND	
Balance Sheet	56
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	57
FIRE DEPARTMENT CAPITAL OUTLAY FUND	
Balance Sheet	59
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	60
FIRE MILLAGE FUND	
Balance Sheet	62
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	63
PATTERSON LAKE SEWER DEBT SERVICE FUND	
Balance Sheet	65
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	66
WASHTENAW COUNTY SEWER SYSTEM NO. 12 DEBT SERVICE FUND	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	68
TRUST AND AGENCY FUND	
Balance Sheet	70
CURRENT TAX COLLECTION FUND	
Balance Sheet	72

September 10, 2005

Board of Trustees
Putnam Township
131 S. Howell Road
Pinckney, Michigan 48169

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Putnam Township as of and for the year ended June 30, 2005, which collectively comprise Putnam Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Putnam Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Putnam Township as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other Required Supplementary Information on pages 7 through 11 and 34 through 36 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Putnam Township's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining statements and individual fund statements, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis June 30, 2005

Within this section of Putnam Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended June 30, 2005. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Governmental activities include such activities as general government, public safety, and planning and zoning departments. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has two kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of available resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township had implemented the new financial reporting model used in this report beginning with the prior fiscal year ended June 30, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Township as a whole.

The Township's net assets at the end of the fiscal year was \$1,672,372. This is a \$74,772 increase over last year's net assets of \$1,597,600.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

	<u>Governmental Activities</u>	
	<u>6-30-04</u>	<u>6-30-05</u>
Current and other assets	\$ 3,635,947	\$ 2,976,892
Capital assets	<u>669,139</u>	<u>846,427</u>
Total assets	<u>4,305,086</u>	<u>3,823,319</u>
Other liabilities	289,979	367,757
Long-term liabilities	<u>2,417,507</u>	<u>1,783,190</u>
Total liabilities	<u>2,707,486</u>	<u>2,150,947</u>
Net assets:		
Invested in capital assets, net of related debt	462,699	846,427
Restricted	618,551	465,724
Unrestricted	<u>516,350</u>	<u>360,221</u>
Total net assets	<u>\$ 1,597,600</u>	<u>\$ 1,672,372</u>

Summary of Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>6-30-04</u>	<u>6-30-05</u>
REVENUES		
Program revenues		
Charges for services	\$ 63,070	\$ 46,878
Operating grants and contributions	11,800	2,300
General revenues		
State shared revenues	355,180	360,179
Property taxes	702,694	746,810
Other	<u>224,638</u>	<u>210,488</u>
Total revenues	<u>1,357,382</u>	<u>1,366,655</u>
EXPENSES		
General government	460,298	524,928
Fire protection	361,475	355,494
Police protection	108,202	114,412
Parks and recreation	23,065	6,789
Roads	166,342	189,458
Interest on long-term debt	<u>225,515</u>	<u>100,802</u>
Total expenses	<u>1,344,897</u>	<u>1,291,883</u>
CHANGES IN NET ASSETS	12,485	74,772
BEGINNING NET ASSETS	<u>1,585,115</u>	<u>1,597,600</u>
ENDING NET ASSETS	<u>\$ 1,597,600</u>	<u>\$ 1,672,372</u>

The Township purchased property during the year for approximately \$225,000 to be used in the future for a new township hall. Even though this transaction did not effect the overall net assets it did reduce the unrestricted net assets significantly.

Financial Analysis of the Township's Funds

Putnam Township reported 4 major funds for the year ended June 30, 2005. These funds included:

- General Fund
- Fire Capital Outlay Fund
- Fire Millage Fund
- Patterson Lake Fund

The General Fund decreased its fund balance \$212,489 during the year primarily due to the property purchase and increased expenditures for planning fees and dust control.

Both the Fire Capital Outlay Fund and Patterson Lake Fund had little activity except the repayment on debt. The Fire Capital Outlay Fund increased its fund balance by \$149,638 as opposed to the Patterson Lake fund decreasing its fund balance by \$3,312.

General Fund Budgetary Highlights

The Township approved a budget prior to the start of the fiscal year, and made an immaterial amendment during the year to bring it closer to economic reality. However, expenditures exceeded appropriations in four activities.

Capital Asset and Debt Administration

The Township paid \$288,323 in principal and \$99,041 in interest to service the long-term debt of the Township. During the year the bond debt for the Township's participation in the Portage Base Lakes Area Water and Sewer Authority was paid off.

The Township purchased \$32,053 of equipment (copy machine and voting machines). The voting machines were purchased with grant monies. As mentioned earlier, property was also purchased through the Township Hall Improvement and General Funds. Total depreciation expense for all governmental activities totaled \$81,132 for the year ended June 30, 2005.

Economic Conditions and Future Activities

The Township has spent significant amounts of money on its master plan (planning consultants) and expects to do the same next year. It is also involved in a lawsuit regarding density issues which will increase legal fees next year.

Contacting the Authority's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact Putnam Township at 131 S. Howell Road, Pinckney, MI 48169.

BASIC
FINANCIAL
STATEMENTS

GOVERNMENT - WIDE
FINANCIAL
STATEMENTS

PUTNAM TOWNSHIP
STATEMENT OF NET ASSETS
JUNE 30, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,440,491
Receivables	
Special assessments	1,395,871
State shared revenues	117,755
Accounts	22,775
Capital assets	
Land	226,368
Building and improvements	214,001
Vehicles and equipment	1,138,298
Less: accumulated depreciation	<u>(732,240)</u>
Total assets	<u>3,823,319</u>
LIABILITIES	
Accounts payable	14,393
Accrued interest payable	7,370
Bonds payable	
Current	345,994
Non-current	<u>1,783,190</u>
Total liabilities	<u>2,150,947</u>
NET ASSETS	
Invested in capital assets, net of related debt	846,427
Restricted for debt service	465,724
Unrestricted	<u>360,221</u>
Total net assets	<u><u>\$ 1,672,372</u></u>

The notes of the financial statements are an integral part of this statement.

PUTNAM TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Functions/Programs	Program Revenues			Total
	Expenses	Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
General government	\$ (524,928)	\$ 31,889	\$ 1,800	\$ (491,239)
Fire protection	(355,494)	14,989		(340,505)
Police protection	(114,412)			(114,412)
Parks and recreation	(6,789)		500	(6,289)
Public works	(189,458)			(189,458)
Interest on long-term debt	<u>(100,802)</u>			<u>(100,802)</u>
Total governmental activities	<u>\$ (1,291,883)</u>	<u>\$ 46,878</u>	<u>\$ 2,300</u>	<u>(1,242,705)</u>
General Revenues:				
Property taxes				746,810
State shared revenues				360,179
Gravel/Cable royalties				60,917
Interest income				109,781
Other income				37,690
Gain on sale of assets				<u>2,100</u>
Total general revenues				<u>1,317,477</u>
Changes in net assets				74,772
Net assets, July 1, 2004				<u>1,597,600</u>
Net assets, June 30, 2005				<u>\$ 1,672,372</u>

The notes of the financial statements are an integral part of this statement.

FUND FINANCIAL
STATEMENTS

PUTNAM TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30 2005

	<u>General</u>	<u>Fire Capital Outlay</u>	<u>Fire Millage</u>	<u>Patterson Lake Sewer</u>	<u>Other Non-major Funds</u>	<u>Total</u>
<u>ASSETS</u>						
ASSETS						
Cash and cash equivalents	\$ 276,090	\$ 259,816	\$ 438,584	\$ 465,724	\$ 277	\$ 1,440,491
Receivables						
Special assessments				1,395,871		1,395,871
State shared revenues	117,755					117,755
Accounts	19,572	507	1,127			21,206
Due from other funds	<u>279,759</u>	<u>14,989</u>	<u> </u>	<u> </u>	<u>1,458</u>	<u>296,206</u>
Total assets	<u>\$ 693,176</u>	<u>\$ 275,312</u>	<u>\$ 439,711</u>	<u>\$ 1,861,595</u>	<u>\$ 1,735</u>	<u>\$ 3,271,529</u>
<u>LIABILITIES AND FUND BALANCE</u>						
LIABILITIES						
Accounts payable	\$ 14,392	\$	\$	\$	\$	\$ 14,392
Accrued interest payable		7,370				7,370
Due to others			1			1
Due to other funds	14,989		279,648			294,637
Deferred revenues	<u> </u>	<u> </u>	<u> </u>	<u>1,395,871</u>	<u> </u>	<u>1,395,871</u>
Total liabilities	<u>29,381</u>	<u>7,370</u>	<u>279,649</u>	<u>1,395,871</u>	<u> </u>	<u>1,712,271</u>
FUND BALANCES						
Unreserved	663,795		160,062		277	824,134
Designated		267,942			1,458	269,400
Reserved for debt service	<u> </u>	<u> </u>	<u> </u>	<u>465,724</u>	<u> </u>	<u>465,724</u>
Total fund balances	<u>663,795</u>	<u>267,942</u>	<u>160,062</u>	<u>465,724</u>	<u>1,735</u>	<u>1,559,258</u>
Total liabilities and fund balances	<u>\$ 693,176</u>	<u>\$ 275,312</u>	<u>\$ 439,711</u>	<u>\$ 1,861,595</u>	<u>\$ 1,735</u>	<u>\$ 3,271,529</u>

The notes to the financial statements are an integral part of this statement.

PUTNAM TOWNSHIP
RECONCILIATION OF STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
JUNE 30, 2005

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 1,559,258
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:		
Cost of capital assets	\$ 1,578,667	
Depreciation	<u>(732,240)</u>	
Capital assets, net of depreciation		846,427
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable		(2,129,184)
Deferred revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are income as they are assessed.		
Deferred income for Patterson Lake Sewer Fund		<u>1,395,871</u>
Net assets of governmental activities		<u>\$ 1,672,372</u>

The notes of the financial statements are an integral part of this statement.

PUTNAM TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	General	Fire Capital Outlay	Fire Millage	Paterson Lake Sewer	Washtenaw County Sewer System No. 12	Other Non-major Funds	Total
REVENUES							
Taxes	\$ 262,626	\$ 138,322	\$ 345,862	\$	\$	\$	\$ 746,810
Licenses and permits	9,021						9,021
Special assessments				223,641			223,641
State shared revenues	360,179						360,179
Grant - seniors	1,800						1,800
Donations						500	500
Cablevision fees	24,777						24,777
Gravel pit royalties	36,140						36,140
Charges for services	37,857						37,857
Sale of assets	2,100						2,100
Interest	8,784	3,697	6,616	2,913	175	828	23,013
Miscellaneous	35,241		250		2,199		37,690
Total revenues	778,525	142,019	352,728	226,554	2,374	1,328	1,503,528
EXPENDITURES							
General government	770,378					10,212	780,590
Fire protection	279,648		27				279,675
Police protection	114,412						114,412
Parks and recreation						4,234	4,234
Public works	189,458						189,458
Debt service		7,370		229,866	151,889		389,125
Total expenditures	1,353,896	7,370	27	229,866	151,889	14,446	1,757,494
Excess of revenues over (under) expenditures	(575,371)	134,649	352,701	(3,312)	(149,515)	(13,118)	(253,966)
OTHER FINANCING SOURCE USES							
Transfers in	402,648	14,989				24,777	442,414
Transfers (out)	(39,766)		(279,648)			(123,000)	(442,414)
Total other financing sources (uses)	362,882	14,989	(279,648)			(98,223)	
Excess of revenues over (under) expenditures and other financing sources (uses)	(212,489)	149,638	73,053	(3,312)	(149,515)	(111,341)	(253,966)
FUND BALANCE, JULY 1, 2004	876,284	118,304	87,009	469,036	149,515	113,076	1,813,224
FUND BALANCE, JUNE 30, 2005	\$ 663,795	\$ 267,942	\$ 160,062	\$ 465,724	\$	\$ 1,735	\$1,559,258

The notes to the financial statements are an integral part of this statement.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

PUTNAM TOWNSHIP
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances – governmental funds		\$ (253,966)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:		
Capital outlay	\$ 258,420	
Depreciation expense	<u>(81,132)</u>	
Net		177,288
Repayment of bonds payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		
Repayment of:		
Bonds payable		288,323
Principal received on special assessments are income as they are levied annually for governmental funds, but they are income when they are levied for the Statement of Activities		
Principle collected on assessments		<u>(136,873)</u>
Change in net assets of governmental activities		<u>\$ 74,772</u>

The notes are an integral part of the financial statements.

NOTES
TO
FINANCIAL
STATEMENTS

PUTNAM TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Putnam Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3)unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints place on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

PUTNAM TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Capital Outlay accounts for the activity associated with the purchasing of capital assets for the fire department. This fund is supported by property taxes approved from a separately voted millage.

The Fire Millage Fund accounts for the activities related to the transfers made to the General Fund to finance the fire department operations. This fund is supported by property taxes approved by a separate voted millage.

Patterson Lake Fund accounts for the activities related to the special assessments collected and related debt service of the sewer project at Patterson Lake.

Washtenaw County Sewer System No. 12 Debt Service Fund accounts for the activities related to the special assessments collected and related debt service of the sewer project connecting residents to the Portage - Base Lakes Area Water and Sewer Authority. Since the final debt payment was made and all assessments have been collected in June 30, 2005 this fund has been closed.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

PUTNAM TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. BUDGETARY DATA

The board of trustees follow the procedures as outlined in the Uniform Budgeting manual for Local Units of Government in Michigan in the establishment of the various annual budgets.

The budget is approved by activity, rather than by line item. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the township board at any of their regular meetings. Budget appropriations made, but not expended by year end, will lapse with the fiscal year end.

D. PROPERTY TAX REVENUE RECOGNITION

The Township property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state at an estimated 50 percent of current market value. Real and personal property in the Township for the 2004 levy was assessed at adjusted taxable value of \$286,278,900. The Township's general operating tax rate for the 2004 levy was .9174 mill and special fire millage was 1.6914. Taxes are due and payable by February 28. Delinquent real property taxes are returned to the County Treasurer for collection. In May 2005, the county revolving fund paid the Township for the delinquent real taxes.

PUTNAM TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. PERSONAL PROPERTY TAX ASSESSMENTS AND APPEALS

Michigan personal property tax assessments have been based, since the 1960's, on the use of one or more of several different multiplier tables formulated by the State Tax Commission against taxpayer reported original cost, depending on the assessor's view of the average life of the personal property. The State Tax Commission has indicated that it plans to reformulate the multipliers. The State Tax Tribunal has informally indicated that once the new multipliers are approved, it may allow them to be applied retroactively in pending personal property tax appeals.

F. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

G. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PUTNAM TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 2 - FINANCIAL REPORTING ENTITY

The criteria established by GASB Statement No. 39 for various governmental organizations to be included in the reporting entity's financial statements include accountability, control, and significant financial relationships.

In accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 39, certain other governmental organizations are not considered to be part of the reporting entity for financial statement purposes.

The accompanying financial statements of Putnam Township as of June 30, 2005, include any and all boards, agencies, funds and account groups under the jurisdiction of the Putnam Township Board. As further discussed in Note 7, Putnam Township is one of four governmental units that has formed the Portage Base Lakes Area Water & Sewer Authority and has joined Multi-Lakes Sewer and Water Authority. There are separate audits completed for these authorities:

1. The Pinckney Community Library was determined not to be a component unit based on the criteria of GASB 39. A separate audit is conducted for this entity.
2. The Downtown Development Authority is not part of the financial statements, but is a part of the Village of Pinckney.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>BALANCE JULY 1, 2004</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2005</u>
Land	\$ 5,001	\$ 221,367	\$	\$ 226,368
Buildings and improvements	209,001	5,000		214,001
Machinery and equipment	<u>1,150,245</u>	<u>32,053</u>	<u>44,000</u>	<u>1,138,298</u>
Total capital assets	1,364,247	258,420	44,000	1,578,667
Accumulated depreciation	<u>(695,108)</u>	<u>(81,132)</u>	<u>44,000</u>	<u>732,240</u>
Governmental activities capital asset, net	<u>\$ 669,139</u>	<u>\$ 177,288</u>	<u>\$</u>	<u>\$ 846,427</u>

PUTNAM TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 3 - CAPITAL ASSETS - (continued)

Depreciation expense is being recorded in the government-wide Statement of Activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. No debt is associated with these capital assets. Depreciation expense was allocated to the following activities:

Fire protection	\$ 75,819
General government	2,758
Parks and recreation	<u>2,555</u>
	<u>\$ 81,132</u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>FUND</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 279,648	Fire Millage Fund	\$ 279,648
General Fund	111	Current Tax Fund	111
Unity Park Fund	1,458	Trust and Agency Fund	1,458
Fire Capital Outlay Fund	<u>14,989</u>	General Fund	<u>14,989</u>
Total	<u>\$ 296,206</u>	Total	<u>\$ 296,206</u>

NOTE 5 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township maintains a \$100 imprest petty cash account.

PUTNAM TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 5 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - (continued)

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	<u>Primary Government</u>	<u>Fiduciary Activities</u>	<u>Total</u>	<u>Bank Balance</u>
Insured	\$ 300,000	\$	\$ 300,000	\$ 300,000
Uninsured and uncollateralized	<u>1,140,391</u>	<u>22,006</u>	<u>1,162,397</u>	<u>1,181,679</u>
Total deposits	<u>\$ 1,440,391</u>	<u>\$ 22,006</u>	<u>\$ 1,462,397</u>	<u>\$ 1,481,679</u>

NOTE 6 - LONG-TERM OBLIGATIONS

DEBT RELATED TO PORTAGE BASE LAKES AREA AUTHORITY

Putnam Township, along with Hamburg Township, located in Livingston County and Dexter and Webster Townships located in Washtenaw County, are member townships of the Portage Base Lakes Area Water and Sewer Authority. The authority was formed pursuant to Act. No. 233, Public Acts of Michigan, 1955 as amended, for the purpose of taking necessary action to construct a sewer system to serve inhabitants of the municipalities.

On June 1, 1990, the member townships entered into a contract with Washtenaw County, Department of Public Works (DPW) for the financing of the acquisition and construction of the system.

Each local unit directly pays to the county DPW its share of the principal and interest on the bonds. Such payments will be made solely from the special assessments and rates and charges collected in the project service areas with local units full faith and credit pledged for such payments.

The member townships have the following approximate shares:

Dexter Township	32.47
Webster Township	8.04
Hamburg Township	35.30
Putnam Township	<u>24.19</u>
Total	<u>100.00</u>

PUTNAM TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 6 - LONG-TERM OBLIGATIONS - (continued)

Putnam Township has created the Washtenaw County Sewer System No. 12 special assessment debt service fund to account for the collection of special assessments and payment of the principal and interest on the contractual obligation.

The authority will operate and maintain the system. As long as there is no default under the contract, the county remains the titular owner of the project only to comply with the provision of Act 185.

Upon payment in full of the outstanding principal and interest, the equitable right, title and ownership to the project reverted to the municipalities in the previously mentioned proportions. Actual right, title and ownership was transferred to the authority. The authority has recorded the fixed assets of the system in its financial records. Putnam Township has recorded its portion of the contractual obligation to Washtenaw County DPW in its long-term debt group of accounts. As of the year ended June 30, 2005 this obligation was paid in full.

DEBT RELATED TO MULTI-LAKES AREA SEWER AUTHORITY

Putnam Township residents on Patterson Lake also connected to the sewer system maintained by the Multi-Lakes Authority during the year. Putnam Township is now also a member of the Multi-Lakes Authority.

Putnam Township created a special assessment district for purposes of constructing the sewer distribution lines to serve the residents on Patterson Lake. Lyndon and Unadilla Townships also created special assessment districts to construct sewer distribution lines to their residents.

Bonds were sold to finance the construction through the Washtenaw County Department of Public Works. The three townships will repay the bonds (debt) through their special assessment districts. The three townships share the debt obligation based on the proportion of REU's (residential equivalent units) it serves which are as follows:

Putnam Township	31.012
Lyndon Township	39.601
Unadilla Township	<u>29.387</u>
Total	<u>100.000</u>

The total bond proceeds were \$7,850,000 of which Putnam Township is responsible for \$2,434,442.

The agreements and administrative functions are similar to the Portage Base Lakes Area scenario explained earlier.

PUTNAM TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 6 - LONG-TERM OBLIGATIONS - (continued)

The following is a summary of the Township's long-term debt obligations:

1. Loan payable to Washtenaw County for the Sewage Disposal System Bonds, Series 1990. Payable in annual principal payments in the range of \$129,416 to \$297,537, plus interest of 2% paid semi-annually, maturity date was October 1, 2004.
2. Loan payable to Washtenaw County for the Multi-Lakes Sanitary Sewer System Phase II Bonds, Series 2002; payable in annual principle payments in the range of \$93,036 to \$139,554, plus interest of 3% to 5% paid semi-annually, maturity date is May 1, 2020.
3. Capital lease payable to National City Bank for the purchase of a fire tanker truck, payable in annual principle payments in the range of \$97,914 to \$105,030, plus interest of 3.75% paid annually, maturity date is June 30, 2006.

A summary of the township's long-term obligations as of June 30, 2005, and transactions during the year then ended are as follows:

	Balance at <u>7/1/04</u>	<u>Additions</u>	Principal Payments	Balance at <u>6/30/05</u>
Washtenaw County Sewage - Disposal System Bonds, Series 1990	\$ 148,769		\$ 148,769	\$
Washtenaw County Sewage - Disposal System - Bonds Multi-Lakes Phase II, Series 2002	2,062,298		139,554	1,922,744
Fire truck - Capital lease	<u>206,440</u>			<u>206,440</u>
	<u>\$ 2,417,507</u>	<u>\$</u>	<u>\$ 288,323</u>	<u>\$ 2,129,184</u>

PUTNAM TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 6 - LONG-TERM OBLIGATIONS - (continued)

The following is a schedule of future principal and interest payments to service the long-term obligations of the Township:

	<u>BONDS PAYABLE</u>		<u>CAPITAL LEASE TANKER TRUCK</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005 - 2006	\$ 139,554	\$ 83,380	\$ 206,440	\$ 11,120
2006 - 2007	139,554	78,147		
2007 - 2008	139,554	72,477		
2008 - 2009	139,554	66,633		
2009 - 2014	620,240	250,189		
2014 - 2019	620,240	107,116		
2019 - 2020	<u>124,048</u>	<u>3,101</u>		
Totals	<u>\$1,922,744</u>	<u>\$ 661,043</u>	<u>\$ 206,440</u>	<u>\$ 11,120</u>

NOTE 7 - CONTINGENCIES AND COMMITMENTS

The Township is involved in various legal actions arising in the normal course of operations. However, there is one significant lawsuit, Hendee v. Putnam Township which could have an impact on the Township. The plaintiffs are challenging the zoning ordinance as unconstitutional as applied to their property claiming the property can not be developed in an economically feasible way as zoned. The plaintiffs are requesting to develop the property for modular home use.

Plaintiffs have dismissed their damages claim so only injunctive relief is at issue. Since the plaintiff dismissed the damages claim, the Township is not being defended by the insurance company anymore. Thus, legal fees will be paid by the Township and could become significant.

Management believes this case raises difficult legal issues making it hard to estimate success for the plaintiff.

NOTE 8 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

PUTNAM TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

**NOTE 9 - RECONCILIATION OF GOVERNMENT-WIDE
STATEMENTS TO FUND FINANCIAL STATEMENTS**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet	\$ 1,559,258
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of capital assets	\$ 1,578,667
Depreciation	<u>(732,240)</u>
Capital assets net of depreciation	846,427
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:	
Bonds payable	(2,129,184)
Deferred revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are income as they are assessed.	
Deferred income for Patterson Lake Sewer Fund	<u>1,395,871</u>
Net assets of governmental activities	<u>\$ 1,672,372</u>

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	\$ (253,966)
Governmental funds report capital assets as expenditures. However, in the Statement of Activities, the cost of these are allocated over other useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:	
Capital outlay	258,420
Depreciation expense	<u>(81,132)</u>
Total	177,288
Repayment of bonds payables is an expenditure in governmental funds, but the repayment deducts long-term liabilities in the Statement of Net Assets	
Repayment of:	
Bonds payable	288,323
Principal received on special assessments are income as they are levied annually for governmental funds, but they are income when they are levied for the Statement of Activities.	
Principal collected on assessments	<u>(136,873)</u>
Changes in net assets of governmental activities	<u>\$ 74,772</u>

REQUIRED
SUPPLEMENTARY
INFORMATION

PUTNAM TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Budgets		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 266,000	\$ 266,000	\$ 262,626	\$ (3,374)
Licenses and permits	12,100	12,100	9,021	(3,079)
State shared revenues	374,000	364,000	360,179	(3,821)
Charges for services	33,488	37,000	37,857	857
Sale of assets		2,100	2,100	
Miscellaneous	<u>69,277</u>	<u>69,277</u>	<u>106,742</u>	<u>37,465</u>
Total revenues	<u>754,865</u>	<u>750,477</u>	<u>778,525</u>	<u>28,048</u>
EXPENDITURES				
Township board	95,100	95,100	80,744	14,356
Supervisor	35,000	35,000	29,913	5,087
Assessor	47,000	47,000	44,710	2,290
Election	28,000	28,000	18,440	9,560
Clerk	42,000	43,000	44,050	(1,050)
Board of review	2,500	1,200	1,400	(200)
Treasurer	62,000	62,000	60,685	1,315
Cemetery	2,000	1,400	1,391	9
Township hall	65,220	65,220	82,673	(17,453)
Public safety-fire department	300,000	300,000	279,648	20,352
Public safety-police	115,000	115,000	114,412	588
Unallocated	49,300	274,300	266,688	7,612
Highways, streets and bridges	200,000	200,000	188,067	11,933
Planning commission	<u>131,280</u>	<u>133,500</u>	<u>141,075</u>	<u>(7,575)</u>
Total expenditures	<u>1,174,400</u>	<u>1,400,720</u>	<u>1,353,896</u>	<u>46,824</u>
Excess of revenues over expenditures	<u>(419,535)</u>	<u>(650,243)</u>	<u>(575,371)</u>	<u>74,872</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	300,000	433,000	402,648	(30,352)
Transfer (out)	<u>(38,765)</u>	<u>(39,775)</u>	<u>(39,766)</u>	<u>9</u>
Total other financing sources (uses)	<u>261,235</u>	<u>393,225</u>	<u>362,882</u>	<u>(30,343)</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	<u>(158,300)</u>	<u>(257,018)</u>	<u>(212,489)</u>	<u>44,529</u>
FUND BALANCE, JULY 1, 2004	<u>876,284</u>	<u>876,284</u>	<u>876,284</u>	
FUND BALANCE, JUNE 30, 2005	<u>\$ 717,984</u>	<u>\$ 619,266</u>	<u>\$ 663,795</u>	<u>\$ 44,529</u>

PUTNAM TOWNSHIP
FIRE DEPARTMENT CAPITAL OUTLAY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Budgets		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fire millage	\$	\$	\$ 138,322	\$
Interest			3,697	
Total revenues	136,500	136,500	142,019	5,519
EXPENDITURES				
Debt service				
Interest	108,780	108,780	7,370	101,410
Excess of revenues over (under) expenditures	27,720	27,720	134,649	106,929
OTHER FINANCING SOURCES				
Transfer in	32,500	32,500	14,989	(17,511)
Excess of revenues over (under) expenditures and other financing sources	60,220	60,220	149,638	89,418
FUND BALANCE, JULY 1, 2004	118,304	118,304	118,304	
FUND BALANCE, JUNE 30, 2005	\$ 178,524	\$ 178,524	\$ 267,942	\$ 89,418

PUTNAM TOWNSHIP
FIRE MILLAGE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Budgets		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fire millage	\$	\$	\$ 345,862	\$
Miscellaneous			250	
Interest			6,616	
Total revenues	390,776	390,776	352,728	(38,048)
EXPENDITURES				
Miscellaneous			27	(27)
Excess of revenues over (under) expenditures	390,776	390,776	352,701	(38,075)
OTHER FINANCING (USES)				
Transfers (out)	(310,000)	(310,000)	(279,648)	30,352
Excess of revenues over (under) expenditures and other financing (uses)	80,776	80,776	73,053	(7,723)
FUND BALANCE, JULY 1, 2004	87,009	87,009	87,009	
FUND BALANCE, JUNE 30, 2005	<u>\$ 167,785</u>	<u>\$ 167,785</u>	<u>\$ 160,062</u>	<u>\$ (7,723)</u>

SUPPLEMENTARY
INFORMATION

COMBINING
STATEMENTS

PUTNAM TOWNSHIP
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 2005

	<u>Unity Fund</u>	<u>Township Hall Improvement Fund</u>	<u>Fire Capital Outlay</u>	<u>Fire Millage</u>	<u>Total</u>
<u>ASSETS</u>					
ASSETS					
Cash	\$	\$ 277	\$ 259,816	\$ 438,584	\$ 698,677
Due from other funds	1,458		14,989		16,447
Due from others			507	1,127	1,634
					<u>1,634</u>
Total assets	<u>\$ 1,458</u>	<u>\$ 277</u>	<u>\$ 275,312</u>	<u>\$ 439,711</u>	<u>\$ 716,758</u>
<u>LIABILITIES AND FUND BALANCE</u>					
LIABILITIES					
Accrued interest payable	\$	\$	\$ 7,370	\$	\$ 7,370
Due to other funds				279,648	279,648
Due to others				1	1
					<u>1</u>
Total liabilities			7,370	279,649	287,019
FUND BALANCE	<u>1,458</u>	<u>277</u>	<u>267,942</u>	<u>160,062</u>	<u>429,739</u>
Total liabilities and fund balance	<u>\$ 1,458</u>	<u>\$ 277</u>	<u>\$ 275,312</u>	<u>\$ 439,711</u>	<u>\$ 716,758</u>

PUTNAM TOWNSHIP
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2005

	<u>Trust and Agency</u>	<u>Current Tax</u>	<u>Totals</u>
<u>ASSETS</u>			
ASSETS			
Cash	\$ 21,895	\$ 111	\$ 22,006
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Due to others	\$ 20,437	\$	\$ 20,437
Due to other funds	1,458	111	1,569
Total liabilities	\$ 21,895	\$ 111	\$ 22,006

PUTNAM TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Unity Park Fund	Township Hall Improvement Fund	Fire Department Capital Outlay
REVENUES			
Fire millage	\$	\$	\$ 138,322
Interest income		828	3,697
Donations	500		
Other			
	<u>500</u>	<u>828</u>	<u>142,019</u>
Total revenues	<u>500</u>	<u>828</u>	<u>142,019</u>
EXPENDITURES			
General government		10,212	
Parks and recreation	4,234		
Debt service			7,370
Fire protection			
	<u>4,234</u>	<u>10,212</u>	<u>7,370</u>
Total expenditures	<u>4,234</u>	<u>10,212</u>	<u>7,370</u>
Excess of revenues over (under) expenditures	<u>(3,734)</u>	<u>(9,384)</u>	<u>134,649</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		24,777	14,989
Transfers (out)		<u>(123,000)</u>	
Total other financing sources (uses)		<u>(98,223)</u>	<u>14,989</u>
Excess of revenues over (under) expenditures and other financing (uses)	(3,734)	(107,607)	149,638
FUND BALANCE, JULY 1, 2004	<u>5,192</u>	<u>107,884</u>	<u>118,304</u>
FUND BALANCE JUNE 30, 2005	<u>\$ 1,458</u>	<u>\$ 277</u>	<u>\$ 267,942</u>

<u>Fire Millage</u>	<u>Total</u>
\$ 345,862	\$ 484,184
6,616	11,141
	500
<u>250</u>	<u>250</u>
<u>352,728</u>	<u>496,075</u>
	10,212
	4,234
	7,370
<u>27</u>	<u>27</u>
<u>27</u>	<u>21,843</u>
<u>352,701</u>	<u>474,232</u>
	39,766
<u>(279,648)</u>	<u>(402,648)</u>
<u>(279,648)</u>	<u>(362,882)</u>
73,053	111,350
<u>87,009</u>	<u>318,389</u>
<u>\$ 160,062</u>	<u>\$ 429,739</u>

PUTNAM TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - ALL DEBT SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005

	Patterson Lake	Washtenaw County Sewer System No. 12	Total
REVENUES			
Special assessments - principal	\$ 136,873	\$	\$ 136,873
Special assessments - interest	86,768		86,768
Miscellaneous		2,199	2,199
Interest income	<u>2,913</u>	<u>175</u>	<u>3,088</u>
Total revenues	226,554	2,374	228,928
EXPENDITURES			
Debt service	<u>229,866</u>	<u>151,889</u>	<u>381,755</u>
Excess of revenues over (under) expenditures	(3,312)	(149,515)	(152,827)
FUND BALANCE, JULY 1, 2004	<u>469,036</u>	<u>149,515</u>	<u>618,551</u>
FUND BALANCE JUNE 30, 2005	<u>\$ 465,724</u>	<u>\$</u>	<u>\$ 465,724</u>

INDIVIDUAL
FUNDS

GENERAL
FUND

PUTNAM TOWNSHIP
GENERAL FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash and cash equivalents	\$ 276,090
Accounts receivable	19,572
State shared revenue receivable	117,755
Due from other funds	<u>279,759</u>

Total assets		<u>\$ 693,176</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 14,392
Due to other funds	<u>14,989</u>

Total liabilities	29,381
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FUND BALANCE - UNDESIGNATED	<u>663,795</u>
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Total liabilities and fund balance	<u>\$ 693,176</u>
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PUTNAM TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 266,000	\$ 262,626	\$ (3,374)
Licenses and permits	12,100	9,021	(3,079)
State shared revenues	364,000	360,179	(3,821)
Charges for services	37,000	37,857	857
Sale of assets	2,100	2,100	
Miscellaneous	<u>69,277</u>	<u>106,742</u>	<u>37,465</u>
Total revenues	<u>750,477</u>	<u>778,525</u>	<u>28,048</u>
EXPENDITURES			
Township board	95,100	80,744	14,356
Supervisor	35,000	29,913	5,087
Assessor	47,000	44,710	2,290
Election	28,000	18,440	9,560
Clerk	43,000	44,050	(1,050)
Board of review	1,200	1,400	(200)
Treasurer	62,000	60,685	1,315
Cemetery	1,400	1,391	9
Township hall	65,220	82,673	(17,453)
Public safety-fire department	300,000	279,648	20,352
Public safety-police	115,000	114,412	588
Unallocated	274,300	266,688	7,612
Highways, streets and bridges	200,000	188,067	11,933
Planning commission	<u>133,500</u>	<u>141,075</u>	<u>(7,575)</u>
Total expenditures	<u>1,400,720</u>	<u>1,353,896</u>	<u>46,824</u>
Excess of revenues over (under)	<u>(650,243)</u>	<u>(575,371)</u>	<u>74,872</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	433,000	402,648	(30,352)
Transfers (out)	<u>(39,775)</u>	<u>(39,766)</u>	<u>9</u>
Total other financing sources (uses)	<u>393,225</u>	<u>362,882</u>	<u>(30,343)</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	(257,018)	(212,489)	44,529
FUND BALANCE, JULY 1, 2004	<u>876,284</u>	<u>876,284</u>	
FUND BALANCE, JUNE 30, 2005	<u>\$ 619,266</u>	<u>\$ 663,795</u>	<u>\$ 44,529</u>

PUTNAM TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Amended Budget	Actual	Variance Favorable (Unfavorable)
TAXES			
Current property taxes	\$ 266,000	\$ 262,626	\$ (3,374)
LICENSES AND PERMITS			
Land use permits		7,265	
Special use permits		550	
Trailer permits		600	
Dog licenses		606	
Total licenses and permits	12,100	9,021	(3,079)
STATE SHARED REVENUES	364,000	360,179	(3,821)
CHARGES FOR SERVICES			
Civil infractions		100	
Tax collection fees		11,933	
Fire runs		14,989	
Board of appeals		8,550	
Zoning fees		1,500	
Site plan fees		485	
Land splits		300	
Total charges for services	37,000	37,857	857
SALES OF ASSETS	2,100	2,100	
MISCELLANEOUS REVENUES			
Metro act		8,345	
Miscellaneous		32	
Printed material		1,335	
Interest		8,784	
Cleanup		2,097	
Cablevision fees		24,777	
Gravel pit		36,140	
Donations		200	
Grant - voting machines		23,232	
Senior grant		1,800	
Total miscellaneous revenues	69,277	106,742	37,465
Total revenues	\$ 750,477	\$ 778,525	\$ 28,048

PUTNAM TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Amended Budget	Actual	Variance Favorable (Unfavorable)
TOWNSHIP BOARD			
Fees	\$	\$ 8,127	\$
Engineering		1,484	
Audit		7,375	
Legal		21,497	
Codification		2,445	
Storm water		9,790	
Website/newsletter		6,922	
Publications		6,359	
Dues		4,952	
Data processing		2,185	
Bank charges		2,072	
Tax chargebacks		2,492	
DDA		2,436	
Miscellaneous		2,608	
	<u>95,100</u>	<u>80,744</u>	<u>14,356</u>
Total township board			
SUPERVISOR			
Salary		25,500	
Supplies		480	
Clerical		3,800	
Conference		133	
	<u>35,000</u>	<u>29,913</u>	<u>5,087</u>
Total supervisor			
ASSESSOR			
Contract		40,800	
Small equipment		2,199	
Supplies		1,711	
	<u>47,000</u>	<u>44,710</u>	<u>2,290</u>
Total assessor			
ELECTION			
Fees		11,392	
Postage		1,597	
Publications		555	
Supplies		3,492	
Equipment		1,404	
	<u>28,000</u>	<u>18,440</u>	<u>9,560</u>
Total election			

PUTNAM TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CLERK			
Salary		25,500	
Clerical		15,566	
Postage		619	
Data processing		571	
Printing		856	
Supplies		918	
Miscellaneous		<u>20</u>	
Total clerk	<u>43,000</u>	<u>44,050</u>	<u>(1,050)</u>
BOARD OF REVIEW			
Fees	<u>1,200</u>	<u>1,400</u>	<u>(200)</u>
TREASURER			
Salary		25,500	
Tax statement preparation		1,751	
Clerical		29,324	
Supplies		178	
Data processing		890	
Postage		2,937	
Miscellaneous		<u>105</u>	
Total treasurer	<u>62,000</u>	<u>60,685</u>	<u>1,315</u>
CEMETERY			
Maintenance	<u>1,400</u>	<u>1,391</u>	<u>9</u>
TOWNSHIP HALL			
Ground maintenance		1,573	
Hall maintenance		824	
Copy maintenance		782	
Cleaning services		3,079	
Supplies		4,002	
Interest		805	
Telephone		5,351	
Utilities		6,242	
Security system		634	
Insurance		20,535	
Postage		154	
Miscellaneous		168	
Capital outlay		36,074	
Office relocation		<u>2,450</u>	
Total township hall	<u>65,220</u>	<u>82,673</u>	<u>(17,453)</u>

PUTNAM TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
PUBLIC SAFETY - FIRE DEPARTMENT			
Fire person fees		158,726	
Clerical		5,801	
Payroll taxes		12,215	
Telephone		3,807	
Insurance		30,553	
Utilities		10,051	
Radios		1,361	
Gas and oil		5,498	
Ground maintenance		2,586	
Dues and subscriptions		4,954	
Computer equipment		657	
Training		9,482	
Fire fighter gear		11,615	
Uniforms		1,487	
Equipment maintenance		7,205	
Building maintenance		4,503	
Operating supplies and parts		2,058	
Capital outlay		3,474	
Miscellaneous		<u>3,615</u>	
Total public safety - fire department	<u>300,000</u>	<u>279,648</u>	<u>20,352</u>
PUBLIC SAFETY - POLICE			
Contracted services	<u>115,000</u>	<u>114,412</u>	<u>588</u>
UNALLOCATED			
Drains/sewer		5,052	
Clean up		9,207	
Township - FICA, Medicare and unemployment		14,839	
Gazebo and town square maintenance		9,220	
Miscellaneous		85	
Land purchase		215,780	
Senior citizens		<u>12,505</u>	
Total unallocated	<u>274,300</u>	<u>266,688</u>	<u>7,612</u>
HIGHWAYS, STREETS, BRIDGES			
Road maintenance	<u>200,000</u>	<u>188,067</u>	<u>11,933</u>

PUTNAM TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
PLANNING COMMISSION			
Fees		7,315	
Planning consultant		107,453	
Zoning administration		18,105	
Printing and publications		2,029	
Supplies		125	
Miscellaneous		598	
Board of appeals		<u>5,450</u>	
Total planning commission	<u>133,500</u>	<u>141,075</u>	<u>(7,575)</u>
Total expenditures	<u>\$ 1,400,720</u>	<u>\$ 1,353,896</u>	<u>\$ 46,824</u>

UNITY
PARK
FUND

PUTNAM TOWNSHIP
UNITY PARK FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Due from other funds

\$ 1,458

FUND BALANCE

FUND BALANCE

\$ 1,458

PUTNAM TOWNSHIP
UNITY PARK FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2005

REVENUES	
Donations	\$ <u>500</u>
EXPENDITURES	
Project costs	217
Capital outlay - park	<u>4,017</u>
Total expenditures	<u>4,234</u>
Excess of revenues over (under) expenditures	(3,734)
FUND BALANCE, JULY 1, 2004	<u>5,192</u>
FUND BALANCE, JUNE 30, 2005	<u><u>\$ 1,458</u></u>

TOWNSHIP
HALL
IMPROVEMENT
FUND

PUTNAM TOWNSHIP
TOWNSHIP HALL IMPROVEMENT FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS
Cash

\$ 277

FUND BALANCE

FUND BALANCE

\$ 277

PUTNAM TOWNSHIP
TOWNSHIP HALL IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ 500	\$ 828	\$ 328
EXPENDITURES			
Capital outlay	<u> </u>	<u>10,212</u>	<u>(10,212)</u>
Excess of revenues over (under) expenditures	<u>500</u>	<u>(9,384)</u>	<u>(9,884)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	25,000	24,777	(223)
Transfers (out)	<u> </u>	<u>(123,000)</u>	<u>(123,000)</u>
Total other financing sources (uses)	<u>25,000</u>	<u>(98,223)</u>	<u>(123,223)</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	25,500	(107,607)	(133,107)
FUND BALANCE, JULY 1, 2004	<u>107,884</u>	<u>107,884</u>	<u> </u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 133,384</u>	<u>\$ 277</u>	<u>\$ (133,107)</u>

FIRE DEPARTMENT
CAPITAL OUTLAY
FUND

PUTNAM TOWNSHIP
FIRE DEPARTMENT CAPITAL OUTLAY FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash	\$ 259,816
Due from other funds	14,989
Due from others	<u>507</u>

Total assets		<u>\$ 275,312</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accrued interest payable	\$ 7,370
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FUND BALANCE

<u>267,942</u>

Total liabilities and fund balance		<u>\$ 275,312</u>
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PUTNAM TOWNSHIP
FIRE DEPARTMENT CAPITAL OUTLAY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Fire millage	\$	\$ 138,322	\$
Interest		<u>3,697</u>	
Total revenues	136,500	142,019	5,519
EXPENDITURES			
Debt service			
Interest	<u>108,780</u>	<u>7,370</u>	<u>101,410</u>
Excess of revenues over (under) expenditures	27,720	134,649	106,929
OTHER FINANCING SOURCES			
Transfers in	<u>32,500</u>	<u>14,989</u>	<u>(17,511)</u>
Excess of revenues over (under) expenditures and other financing sources	60,220	149,638	89,418
FUND BALANCE, JULY 1, 2004	<u>118,304</u>	<u>118,304</u>	
FUND BALANCE, JUNE 30, 2005	<u>\$ 178,524</u>	<u>\$ 267,942</u>	<u>\$ 89,418</u>

FIRE MILLAGE
FUND

PUTNAM TOWNSHIP
FIRE MILLAGE FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash

\$ 438,584

Accounts receivable

1,127

Total assets

\$ 439,711

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds

\$ 279,648

Due to other unit

1

Total liabilities

\$ 279,649

FUND BALANCE

160,062

Total liabilities and fund balance

\$ 439,711

PUTNAM TOWNSHIP
FIRE MILLAGE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Fire millage	\$	\$ 345,862	\$
Miscellaneous		250	
Interest		<u>6,616</u>	
Total revenues	390,776	352,728	(38,048)
EXPENDITURES			
Miscellaneous		<u>27</u>	<u>(27)</u>
Excess of revenues over expenditures	390,776	352,701	(38,075)
OTHER FINANCING (USES)			
Transfers (out)	<u>(310,000)</u>	<u>(279,648)</u>	<u>30,352</u>
Excess of revenues over expenditures and other financing (uses)	80,776	73,053	(7,723)
FUND BALANCE, JULY 1, 2004	<u>87,009</u>	<u>87,009</u>	
FUND BALANCE, JUNE 30, 2005	<u>\$ 167,785</u>	<u>\$ 160,062</u>	<u>\$ (7,723)</u>

PATTERSON LAKE SEWER
DEBT SERVICE FUND

PUTNAM TOWNSHIP
PATTERSON LAKE SEWER
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash	\$ 465,724
Special assessment receivable - current	94,188
Deferred special assessments	<u>1,301,683</u>

Total assets		<u>\$ 1,861,595</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenues	\$ 1,395,871
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FUND BALANCE

<u>465,724</u>

Total liabilities and fund balance	<u>\$ 1,861,595</u>
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PUTNAM TOWNSHIP
PATTERSON LAKE SEWER
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special assessments - principal	\$	\$ 136,873	\$
Special assessments - interest		86,768	
Interest income		<u>2,913</u>	
Total revenues	<u>203,304</u>	<u>226,554</u>	<u>23,250</u>
EXPENDITURES			
Bond - principal		139,554	
Bond - interest		90,183	
Miscellaneous		<u>129</u>	
Total expenditures	<u>230,236</u>	<u>229,866</u>	<u>370</u>
Excess of revenues over (under) expenditures	(26,932)	(3,312)	23,620
FUND BALANCE, JULY 1, 2004	<u>469,036</u>	<u>469,036</u>	
FUND BALANCE, JUNE 30, 2005	<u>\$ 442,104</u>	<u>\$ 465,724</u>	<u>\$ 23,620</u>

WASHTENAW COUNTY SEWER
SYSTEM NO. 12
DEBT SERVICE FUND

PUTNAM TOWNSHIP
WASHTENAW COUNTY SEWER SYSTEM NO. 12
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
County - discount	\$	\$ 1,935	\$
Miscellaneous		264	
Interest income		<u>175</u>	
Total revenues	<u>500</u>	<u>2,374</u>	<u>1,874</u>
EXPENDITURES			
Bond - principal		148,769	
Bond - interest		1,488	
Fees		<u>1,632</u>	
Total expenditures	<u>150,756</u>	<u>151,889</u>	<u>(1,133)</u>
Excess of revenues over (under) expenditures	(150,256)	(149,515)	741
FUND BALANCE, JULY 1, 2004	<u>149,515</u>	<u>149,515</u>	
FUND BALANCE, JUNE 30, 2005	<u>\$ (741)</u>	<u>\$</u>	<u>\$ 741</u>

TRUST
AND
AGENCY
FUND

PUTNAM TOWNSHIP
TRUST AND AGENCY FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS
Cash

\$ 21,895

LIABILITIES

LIABILITIES
Due to others
Due to other funds

\$ 20,437
1,458

Total liabilities

\$ 21,895

CURRENT
TAX
COLLECTION
FUND

PUTNAM TOWNSHIP
CURRENT TAX COLLECTION FUND
BALANCE SHEET
JUNE 30, 2005

ASSETS

ASSETS

Cash

\$ 111

LIABILITIES

LIABILITIES

Due to other funds

\$ 111

PUTNAM TOWNSHIP

COMMENTS
AND
RECOMMENDATIONS

FOR THE YEAR ENDED JUNE 30, 2005



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
Kenneth J. Palka, C.P.A.

Members:
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MACPA

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September 10, 2005

Board of Trustees
Putnam Township
131 S. Howell Road
Pinckney, Michigan 48189

Honorable Board of Trustees:

In planning and performing our audit of the financial statements of Putnam Township for the year ended June 30, 2005, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are an opportunity for strengthening internal controls and operating efficiency.

1. COMMENT

Several instances were noted where 1099's were not issued.

RECOMMENDATION

The Township should verify all instances where a 1099 should be issued.

2. COMMENT

It was noted that awards (plaques) were given out using Township monies. The cost was minimal.

RECOMMENDATION

We realize the costs were minimal for the awards, however we wanted to bring to the Township's attention that spending monies for these types of expenditures is not allowed.

3. COMMENT

The fire department has adopted a policy to reimburse firefighters up to \$350 for Emergency Medical Training (EMT). We found a reimbursement to a firefighter which was over \$350 for Emergency Medical Training. The overage was \$176.

RECOMMENDATION

Reimbursement requests should be carefully reviewed prior to payment.

4. COMMENT

The Township's Unity Park Fund had approximately \$1,458 remaining in the fund after completion of the project. Because there was no activity in the bank account for several months the bank was charging a fee of \$10 per month. Thus, the Township transferred the remaining balance into the Trust and Agency Fund (Fiduciary Fund) to eliminate the service charges and close-out the bank account.

RECOMMENDATION

We suggest the Township Board approve a motion as to what should be done with the remaining money. We recommend the money be put into the General Fund and be used for future repairs and maintenance of playground equipment. Once a motion is approved the Unity Park Fund can be officially closed for accounting purposes.

5. COMMENT

We found several instances where the Township paid sales tax on purchases.

RECOMMENDATION

The Township should inform its vendors it is tax exempt and not pay the sales tax.

This letter does not affect our report dated September 10, 2005, on the financial statements of Putnam Township.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and recommendations with various Township personnel, and we will be pleased to discuss them in further detail at your convenience.

This report is intended solely for the information and use of the Township Board and is not intended to be and should not be used by any other party.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants